

VZCZCXYZ0005
RR RUEHWEB

DE RUEHMN #0718/01 3441943
ZNR UUUUU ZZH
R 101941Z DEC 09
FM AMEMBASSY MONTEVIDEO
TO RUEHC/SECSTATE WASHDC 0076
INFO MERCOSUR COLLECTIVE
RUEAIIA/CIA WASHINGTON DC

UNCLAS MONTEVIDEO 000718

SENSITIVE
SIPDIS
FOR WHA/BSC MARY DASCHBACH

E.O. 12958: N/A
TAGS: [PREL](#) [PGOV](#) [UY](#)
SUBJECT: Uruguay: President-Elect Mujica's Debut at Mercosur Summit

REF: MONTEVIDEO 489; MONTEVIDEO 468

Summary

11. (U) The December 8-9 38th summit meeting of MERCOSUR, provided an appropriate platform for Jose Mujica's regional debut as president elect. Mujica was warmly received by the delegates and, thanks in particular to high profile meetings with Christina Kirchner and Hugo Chavez, managed to attract the majority of the summit's domestic press coverage. Mujica's expressed intent to further develop regional relations seems to have taken a purposeful first step. End summary.

Presenting Mujica

12. (U) Early on in his speech marking the official handover of the six-month MERCOSUR presidency from Uruguay to Argentina, Uruguayan President Tabare Vazquez took the opportunity to officially introduce President-Elect Mujica to the assembled heads of state. In response, Brazilian president Lula da Silva led a series of congratulatory statements from the delegates that described Mujica variously as "friend," "comrade," "beloved," and "admired." In contrast to his electoral rival, ex-president Luis Alberto Lacalle, who had planned to lead a scaling back of MERCOSUR political initiatives, Mujica has publically supported increased integration (albeit with the qualification that Uruguay should keep "one paw in and one paw out"), and signaled his intention to deepen Uruguay's links with its neighbors throughout his campaign. Mujica placed particular emphasis on Brazil, enjoying a high profile meeting with President Lula on August 4. The two men seemed delighted to be reunited at the MERCOSUR meeting, and were able to talk privately for several minutes.

Mujica and Kirchner- a new beginning?

----- --

13. (U) Mujica drew attention even before the summit began by meeting privately with Argentina's President Cristina Kirchner the night she and her delegation arrived (December 7). Although historically close, recent relations between Uruguay and Argentina have been strained by the protracted Botnia paper mill dispute and related bridge blockades and several other issues (Ref A).

Bilateral tensions have worsened gradually under Vazquez, but some commentators have been hopeful that Mujica's close relationship to the Kirchners (he has been their personal guest) could facilitate a rapid thawing. The summit reinforced the idea that Mujica's electoral victory will improve relations. The half-hour hotel meeting was reportedly "cordial" and "frank" and although according to media reports the topic of Botnia went untouched. Kirchner nonetheless emerged remarking that "a new government implies new beginnings." For his part, Mujica, who as early as the November 29 second round elections had agreed with representatives of Kirchner to establish a binational commission aimed at reestablishing good relations between the two countries, has said he wishes to isolate the paper mill issue, leaving its resolution to the courts. Kirchner left Uruguay having turned down an invitation to dine with Mujica and Chavez, but with a promise to return for Mujica's March 1 inauguration.

Mujica and Chavez

¶4. (U) On December 8, press focus shifted to Venezuelan president Hugo Chavez's visit to a glass factory in the industrial park located in the working class "Cerro" district. Accompanied by

Mujica, Chavez inspected a factory that in 2005 had been saved from bankruptcy by a USD 4 million cash injection from his government.

¶5. (SBU) Mujica and Chavez have met on several occasions over the years and are widely perceived to have clicked, a perception that Mujica, striving to present himself as a moderate, tried hard to downplay during the electoral campaign (Ref B). While President Vazquez is generally considered to have maintained a careful middle line with the Venezuelan administration, many analysts anticipate that Mujica's government will foster closer ties with Chavez, a prediction Chavez himself seemed keen to realize.

¶6. (SBU) Stronger bilateral relations were the major theme in wide-ranging speech Chavez gave to approximately 100 workers at the glass factory. Holding forth for a relatively restrained 45 minutes, Chavez managed to include (amongst other things): a eulogy to Mujica (which included the comment that Chavez would have been honored to have fought alongside Mujica in the "glorious" guerilla war in the 70's); congratulations to Evo Morales for his electoral victory in Bolivia; a trademark broadside against "Yankee imperialism"; a potted history of petroleum in Venezuela; a condemnation of the recent elections in Honduras; and even a passable a cappella rendition of a song in praise of Simon Bolivar. Chavez made headlines by announcing he will provide as much oil as Uruguay needs for 100 years, a reference to his intention to build on the Caracas Energy Agreement, signed by President Vazquez in 2005, that allows Uruguay to pay back 75 percent of the cost of the oil supplied by Venezuela over 15 years with the balance being made up in Uruguayan goods and products. Under Chavez's new proposal, Uruguay would be able to use its goods and services to substitute up 50 percent of the cost, an arrangement that Chavez declared would allow Venezuela to meet Uruguay's oil needs "for the next 100 years." The promise of Uruguay's energy needs being met seemed to have a soothing effect on Mujica, who quietly dozed off behind him.

Comment

¶7. (SBU) We expect Mujica will focus his early foreign policy

energies close to home, and his first such effort seems to have been well received. While international relations was perceived as a weakness in his presidential bid, Mujica held his own. With Chavez and Lula, he is in his element talking about issues, such as regional integration and social justice, which are close to his heart. End Comment.

MATTHEWMAN